

Message Text

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P 092200Z MAY 75
FM SECSTATE WASHDC
TO AMEMBASSY KABUL PRIORITY

C O N F I D E N T I A L STATE 108974

E.O. 11652: GDS

TAGS: BMEP, AF

SUBJECT: IECO JOINT VENTURE

REF: KABUL 2916

BEGIN UNCLASSIFIED:

1. FOLLOWING MESSAGE FOR RUFF, IECO, FOR DELIVERY TO
ENG. TOUFIQI.

A. MESSRS. HARRIS AND RUFF HAVE ADVISED US OF PROGRESS
OF DISCUSSIONS REGARDING IDC.

B. IECO, ON BEHALF OF MORRISON-KNUDSEN COMPANY, IS
WILLING TO ENTER INTO JOINT VENTURE AGREEMENT WITH GOA.
IECO WILL NOT INVEST ANY CAPITAL IN JOINT VENTURE, BUT
WILLING TO AGREE TO PORTION OF FEE COMPUTED ON BASIS OF
PERFORMANCE OF ITS OPERATION.

C. WE RESPECTFULLY SUBMIT IDC BE ESTABLISHED ALONG LINES
SUGGESTED IN OUR DRAFT OF IDC STATUTES CARRIED BY
MR. HARRIS, AND THAT JOINT VENTURE BE BETWEEN IDC AND IECO.
THIS WILL PERMIT PLANNED RATIONAL TURNOVER OF ALL MANAGE-
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MENT AND SUPERVISORY FUNCTIONS TO IDC AS AFGHAN PERSONNEL

ARE AVAILABLE. IECO WILL PROVIDE, AS REQUIRED, MANAGEMENT TO WORK WITH AFGHAN COUNTERPARTS IN IDC, AS WELL AS PROVIDING INTERIM MANAGEMENT OF JOINT VENTURE.

D. OUR LEGAL ADVISORS ARE DRAFTING CONTRACTS ALONG THESE LINES. PLEASE ADVISE HARRIS AND RUFF YOUR VIEWS ON OUR SUGGESTION PARA C ABOVE, AND ALSO:

(1) CAPITAL ALLOCATIONS BY GOA FOR OPERATION OF JOINT VENTURE DURING 1975, 1976 AND 1977, AMOUNTS AND CONDITIONS, IF ANY.

(2) SCHEDULE FOR CREATION OF IDC BY GOA, DECREED FOR PRESIDENTIAL ORDER.

(3) WOULD PROJECT ASSIGNED TO JOINT VENTURE BE IN CONFLICT WITH CURRENT AND FUTURE PROGRAMS OF DEPARTMENT OF WATER AND POWER, HAVA, AND BRESHNA?

(4) WHO WILL PROVIDE AFGHAN STAFF? CAN TCN'S BE USED?

E. IECO V.P. SAKARIA AND ARTHUR SCHLANGER, LEGAL COUNSEL, WOULD ARRIVE IN KABUL MAY 21 FOR FINAL NEGOTIATIONS AND EXECUTION OF PROJECT. PLEASE ADVISE IF THIS IS SATISFACTORY.

F. PLEASE BE ASSURED MK-IECO FULLY AWARE OF THE LARGE MAGNITUDE OF IDC PLANS AND PREPARED TO PROCEED EXPEDITIOUSLY AFTER AGREEMENT IS REACHED. PLEASE ADVISE IF MR. SAKARIA SHOULD BRING OUR CHIEF INDUSTRIAL PLANNING ENGINEER WITH HIM AT THIS STAGE.

G. PLEASE ADVISE PLANNING MINISTRY IECO VERY ANXIOUS TO PROCEED WITH PLANNING OF RAILROAD PROJECT. WE WILL COMMENCE WORK WITH KEY ENGINEER WITHIN 30 DAYS AFTER NOTICE TO PROCEED IS GIVEN. OUR ESTIMATE FOR RAILROAD PLANNING PHASE I AND II IS \$3.98 MILLION WITH SURVEY WORK TO BE DONE BY THE CARTOGRAPHIC INSTITUTE UNDER OUR SUPERVISION. SIGNED: THOMAS J. HAYES, PRESIDENT IECO.
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END UNCLASSIFIED

2. BEGIN CONFIDENTIAL:
SAKARIA CALLED US FOR TRANSMITTAL OF FOREGOING MESSAGE

IN MKI/IECO PER EMBASSY'S SUGGESTION IN PARA 7 REFTEL. REPORT ON OUTCOME THESE CONVERSATIONS WILL BE TRANSMITTED MONDAY. EMBASSY SHOULD BEAR THIS IN MIND IN PASSING

TEXT MESSAGE TO RUFF. END CONFIDENTIAL. KISSINGER

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